

Message Text

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ORIGIN ARA-10

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FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS IMMEDIATE

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E.O. 11652:N/A

TAGS: PFOR, OAS

SUBJECT: OAS PERMANENT COUNCIL MEETING ON ILLICIT

CORPORATE PAYMENTS.

1. OAS PERMANENT COUNCIL IS NOW SCHEDULED TO TAKE UP
SUBJECT OF ILLICIT CORPORATE PAYMENTS ON WEDNESDAY, JUNE 18.
PERU, VENEZUELA, ECUADOR AND, TO A LESSER EXTENT, BOLIVIA
PARTICIPATED IN DRAFTING A PROPOSED RESOLUTION WHICH HAS
BEEN CIRCULATED PRIVATELY. IT CONTAINS A ONE-SIDED
CONDEMNATION OF ILLICIT PAYMENTS BY TRANS-NATIONAL
ENTERPRISES (TNES) WITHOUT REFERENCE TO THOSE WHO RECEIVED
THEM AND CARRIES WITH IT IMPLIED BLANKET CONDEMNATION OF
ALL TNES. OPERATIONALLY, IT CALLS FOR ACTIVATION OF OAS
WORK ON TNE CODE OF CONDUCT -- WHICH HAD BEEN LEFT IN
SUSPENSE WHILE TNE WORKING GROUP ESTABLISHED APART FROM OAS
UNDER AEGIS OF NEW DIALOGUE WAS ACTIVELY CONSIDERING CODE
OF CONDUCT ISSUE.

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2. USG HAS NO REASON TO BE DEFENSIVE, AND COUNCIL MEETING PROVIDES OPPORTUNITY FOR US TO MAKE CLEAR OUR POINT OF VIEW; ADMISSIONS AND ALLEGATIONS OF ILLICIT PAYMENTS SURFACED AS A RESULT OF INVESTIGATIONS BY USG'S OWN SEC. AND FACT THAT USG DOES NOT CONDONE ILLICIT PAYMENTS SHOULD BE WELL KNOWN BY NOW.

3. BUT IF RESOLUTION'S HORTATORY ASPECTS REMAIN ONE-SIDED WE WILL EXPRESS OUR FRANK DISAGREEMENT IN PERMANENT COUNCIL MEETING. WE ALSO HAVE RESERVATIONS ABOUT THE OAS ACTIVATING

AT THIS TIME YET ANOTHER EFFORT ON CODE OF CONDUCT WHILE UN AND OECD ARE ACTIVELY WORKING ON THIS ISSUE. OUR PREFERENCE WOULD BE FOR PERMANENT COUNCIL TO LIMIT ITS ACTION TO SETTING UP EXPERTS GROUP TO CONSIDER SPECIFIC ISSUE OF PAYMENTS AND POLITICAL CONTRIBUTIONS, RATHER THAN ENTIRE QUESTION OF CODE OF CONDUCT.

4. WE ARE NOW CONSULTING WITH LAS TO SEE IF OAS CANNOT TAKE MORE CONSTRUCTIVE APPROACH AND WILL BE SUGGESTING ALTERNATIVE LANGUAGE FOR RESOLUTION TOMORROW. PROBLEM IS SERIOUS ONE, BOTH FOR LA GOVERNMENTS AND BUSINESS, AND HIGHLY POLITICIZED RESOLUTION CANNOT HELP SOLVE IT. ADDITIONALLY, LAS SHOULD CONSIDER WHAT THE EFFECTS OF POLITICIZED APPROACH MIGHT BE ON INITIATIVES NOW PENDING IN U.S. CONGRESS FOR EXTRA-TERRITORIAL REGULATION, WHICH LAS USUALLY HAVE OPPOSED.

5. PLEASE APPROACH IN YOUR DISCRETION APPROPRIATE HOST GOVERNMENT OFFICIALS TO ASK IF THEY WOULD INSTRUCT OAS DELEGATION TO WORK WITH US DEL TO COME UP WITH A FAIR RESOLUTION AND A REASONABLE APPROACH THAT WILL HELP TAKE THIS PROBLEM A STEP TOWARD SOLUTION. WE ARE, OF COURSE, PREPARED TO CONSIDER ISSUE AT WEDNESDAY'S COUNCIL MEETING, BUT IF MORE TIME IS REQUIRED TO WORK OUT SATISFACTORY APPROACH, MATTER COULD BE BRIEFLY POSTPONED. KISSINGER

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